

CHAPTER 11

FEDERAL EMPLOYEES GROUP LIFE INSURANCE (FEGLI)

Section I - General

General. The FEGLI Program offers all indefinite and permanent technicians an opportunity to participate in the plan which offers low rates and payment through payroll deduction. In addition, the Government pays one-third of the cost of Basic Life Insurance. Eligible technicians are automatically covered for basic insurance unless specifically waived. In addition to basic life, three options are available to eligible technicians.

Section II - Types and Costs of Insurance

2-1. Types and Amount of Insurance.

a. Basic Life.

(1) Life insurance coverage is equal to actual rate of annual basic pay (rounded up to the next \$1,000) plus \$2,000, or \$10,000, whichever is greater.

(2) Extra Benefit ... Double life insurance benefits until age 36, decreasing at 10% per year until age 45, at which time the extra coverage will end. No cost for extra benefit.

(3) Accidental Death and Dismemberment (AD&D) coverage; Extra benefit shown above does not apply to AD&D.

NOTE:

You must elect basic life to be eligible for the options.

b. Option A - Standard.

(1) Life insurance coverage of \$10,000

(2) Accidental Death and Dismemberment (AD&D) coverage.

NOTE:

Accidental Death and Dismemberment Coverage (ADD): Only Basic Option A-Standard Insurance carry ADD.

(a) Accidental Death benefits are equal to the amount of an employee's Basic Life Insurance (but without the extra benefit based on age) and the amount of an employee's Option A-Standard where applicable.

(b) Dismemberment benefits for the loss of a hand, foot or eye are equal to one half of the Basic and Option A – Standard Insurance. If an employee loses any two of these the full amount is payable.

c. Option B – Additional.

(1) You can choose coverage equal to one, two, three, four, or five times your actual rate of annual basic pay (after basic pay is rounded up to the next \$1,000).

(2) No Accidental Death and Dismemberment (AD&D) coverage.

d. Option C – Family.

(1) Spouse - You can choose from one to five multiples. Each multiple is equal to \$5,000.00.

(2) Each eligible dependent child is covered by the same multiple as the spouse. Each multiple is equal to \$2,500.00

(3) No Accidental Death and Dismemberment (AD&D) coverage.

(4) Eligible family members include your present spouse and your unmarried dependent children (other than a foster child or a stillborn child), including an adopted child, a stepchild (but only if the stepchild lives with you in a regular parent-child relationship), or a recognized natural child who is either living with you or who is receiving regular and substantial support from you. To be covered, a child must be under 22 years of age or, if 22 or over, incapable of self-support because of mental or physical disability which existed before the child became 22 years of age.

2-2. **Cost of Insurance.**

a. **Basic Life.** Cost of basic life is \$.165 per thousand biweekly.

Example:

Annual basic pay	= \$23,464
Round to next thousand	= 24,000
Add \$2,000 for total	= 2,000
\$.165 per thousand	= \$ 4.29 biweekly cost

b. Option A – Standard. Technician pays full cost of this insurance. The cost depends upon your age and the withholdings increase as you reach the next age group, as shown in the table below. For insurance withholding purposes, you are assumed to have reached these ages in January of the year after your birthday.

Age Group	Biweekly
Under age 35	\$.40
35 through 39	.50
40 through 44	.70
45 through 49	1.10
50 through 54	1.80
55 through 59	3.00
60 and over	7.00

c. Option B – Additional. You pay the full cost of this insurance. The cost depends upon your age, and the withholdings increase as you reach the next age group, as shown in the table below. For insurance withholding purposes, you are assumed to have reached these ages in January of the year after your birthday.

Age Group	Biweekly per \$1,000
Under age 35	\$.04
35 through 39	.05
40 through 44	.07
45 through 49	.11
50 through 54	.18
55 through 59	.30
60 and over	.70

d. Option C – Family. You pay the full cost of this insurance. The cost depends on your age and the withholdings increase as you reach the next age group, as shown in the table below. For insurance withholding purposes, you are assumed to have reached these ages in January of the year after your birthday. Withholdings do not vary based on family size.

Age of Employee	Biweekly				
Multiples	1	2	3	4	5
Under age 35	\$.30	.60	.90	1.20	1.50
35 through 39	.31	.62	.93	1.24	1.55
40 through 44	.52	1.02	1.54	2.04	2.56
45 through 49	.70	1.40	2.10	2.80	3.50
50 through 54	1.00	2.00	3.00	4.00	5.00
55 through 59	1.50	3.00	4.50	6.00	7.50
60 and over	2.60	5.20	7.80	10.40	13.00

If you should acquire another eligible family member while insured for Option C – Family, he or she will be covered automatically. When you no longer have any family member eligible for this coverage, you must cancel the Option C – Family by completing a new Life Insurance Election form, SF 2817. You may increase coverage when you gain a family member due to birth of a child, adoption or marriage.

NOTES:

1. This is not automatic; you must notify HRO.
2. Claims for family members covered under Option C – Family are paid to you; no designations are permitted. You cannot assign your Option C coverage.

Section III - Effective Date and Election Opportunities

3-1. Effective Date of Coverage.

a. Basic life insurance is effective on the first day in a pay and duty status. If basic coverage is waived after the first pay period, waiver is effective at the end of the pay period.

b. Optional life insurance is effective on the first day in pay and duty status on or after date SF 2817 (Life Insurance Election Form) is received in HRO and/or following approval by OFEGLI.

3-2. Opportunities to Elect FEGLI Coverage.

- Within 31 days of initial appointment or
- After a break-in service of more than 180 days or
- Open enrollment season
- When a qualifying life event occurs after initial enrollment opportunity

a. Basic Life and Option A-Standard

- Must have been one year since date of last waiver
- Must have been approved by OFEGLI after furnishing satisfactory medical evidence of insurability at his/her own expense
- Unless occurrence of qualifying life event

b. Option B – Additional

- Must have been approved by OFEGLI after furnishing satisfactory medical evidence of insurability at his/her own expense
- Must have been one year since date of last waiver
- Marriage, divorce, spouse's death or if you acquire child

You may choose a number of multiples, up to five, limited as follows:

- for marriage, the number of additional family members (spouse and dependent children, if any) associated with your marriage;
- for divorce or death of your spouse, the total number of your dependent children.
- for acquisition of children, the number of additional children you acquired;
- If you already have coverage of at least one multiple, you may increase the number of multiples upon your marriage, divorce, your spouse's death, or if you acquire a child. The number of additional multiples you may elect is limited as outlined above.

The time limit for electing or increasing the number of Option B – Additional multiples is within 60 days following the date of the event.

3-3. **FEGLI Coverage While In Non-Pay Status.** FEGLI coverage continues for 12 months without cost to the technician while in a non-pay status.

3-4. **FEGLI Coverage While In Military Status.** FEGLI coverage continues for 12 months without cost to the technician while in a military status.

3-5. **Designation of Beneficiary.** Payment of FEGLI will be made in the following order:

- a. Designated Beneficiary (SF 2823)
- b. Widow or Widower
- c. Children (NOTE: Not stepchildren)
- d. Parents
- e. Executor, Administrator of Estate
- f. Next of kin

3-6. **Assignment of FEGLI Coverage.**

a. All federal employees may assign "ownership" of their Federal Employee Group Life Insurance (FEGLI) Coverage. This applies only to Basic Life Option A (Standard), and Option B (Additional). The Option C (Family) coverage and the dismemberment insurance received with Basic Life and Option A cannot be assigned.

An assignment is an irrevocable transfer of ownership of your FEGLI coverage (except as noted above) to another individual(s), corporation, or trustee. Making an assignment may be useful to you in order to comply with a court order, to obtain cash before death, to pay off debts, or for inheritance tax purposes. You continue to be the insured. Once the assignment is made, it is Irrevocable. After making the assignment you cannot cancel the assignment, cancel or reduce any FEGLI coverage you have, designate a beneficiary, convert the insurance to a private policy when it terminates or elect a living benefit. Assignment of FEGLI voids any designations of beneficiaries that you have on file. The assignee can cancel the insurance coverage, cancel a retired employee's election of a lesser reduction of Basic Life, designate and change beneficiaries, convert to a private policy when the coverage terminates, and reassign the insurance.

b. Assigning your FEGLI is an important decision because the decision you make is final. It effects the rest of your life. For further information on assignment of your life insurance contact the HRO.

3-7. **Cancellation of FEGLI Coverage.** FEGLI coverage may be cancelled at any time by submitting an election form to HRO.

Section IV - Continuation of FEGLI into Retirement

4-1. **Continuation of FEGLI into Retirement.** In order to continue FEGLI into retirement you must:

- a. Retire on an immediate annuity
- b. Be covered for the last 5 years of service or from first opportunity to enroll

4-2. **Amount of FEGLI after Retirement.**

a. **Basic.** At the time of retirement, you must choose one of three levels of protection you wish to maintain after you reach age 65:

(1) 75% Reduction – reduces 2% per month after reaching age 65, to a minimum of 25% of the amount at retirement

(2) 50% Reduction – reduces 1% per month after reaching age 65, to a minimum of 50% of the amount at retirement

(3) No Reduction – 100% of the amount of life insurance coverage at retirement is retained after reaching age 65

The cost of your FEGLI depends on your election. No cost after age 65 for 75%.

b. **Option A – Standard.** Effective at the end of the month after you reach age 65, Option A will reduce at 2% per month until it reaches 25% of the pre-retirement amount. No cost after age 65.

c. **Option B – Additional.** Employee may choose either a:

(1) Full Reduction - means that your coverage will reduce by a fixed amount each month, equal to 2 percent of the original amount, for 50 months, at which time coverage will end. Reductions start on the first day of the second month after you reach age 65 or the first day of the second month after you retire, if later. Coverage is free starting on the first day of the month after you turn age 65.

(2) No Reduction - means that your coverage will not reduce. You will continue to pay premiums for the rest of your life, or until you cancel the insurance or change to Full Reduction.

d. **Option C – Family.** Effective at the end of the month after you reach age 65, Option C will reduce at 2% per month for 50 months at which time coverage will end. No cost after age 65.

Section V - How to File A Claim

5-1. How To File A Claim For FEGLI.

a. **Death of a Technician or Retiree.** In the event of a death of a technician or retiree the HRO will assist survivors in filing a claim for FEGLI.

b. **Death of Family Member of a Technician or Retiree When Technician Has Family FEGLI Coverage (Option C).** The HRO should be advised of the death of an eligible family member if the technician or retiree has coverage under Option C- Family. The HRO will then assist in filing claim for benefits.

5-2. Living Benefits.

a. All federal employees, retirees, and compensationers covered by Federal Employees Group Life Insurance (FEGLI), may elect to receive a lump sum payment (living benefits). To be eligible, you must be terminally ill and have a documented medical prognosis that your life expectancy is 9 months or less. Only Basic Life is available in living benefits. Optional insurance cannot be paid as living benefits. As an active employee you may elect either a full or partial living benefit. Retirees and compensationers may only elect a full living benefit. A full living benefit is equal to all of your Basic Life. A partial living benefit is any amount in multiples of \$1,000 up to your full Basic Life amount. A living benefit can only be elected once. If you chose a full living benefit, you will not have any more Basic insurance even with increases in

salary. If you choose a partial living benefit, later you cannot elect another living benefit based on the balance and your insurance amount will not change. Electing a living benefit does not effect any optional insurance that you have.

b. Individuals interested in a living benefits election should contact the HRO for additional information.